

Texas Lottery Commission

April 14, 2016

10:00 a.m.

I.	The Texas Lottery Commission will call the meeting to order.	J. Winston Krause, Chairman
	Pledge of Allegiance to the U.S. and Texas flags.	
	Texas Pledge: "Honor the Texas flag; I pledge allegiance to thee, Texas, one state under God, one and indivisible."	
II.	Report, possible discussion and/or action, including approval, on the Charitable Bingo Operations Division annual report for calendar year 2015.	Alfonso D. Royal III, Charitable Bingo Operations Division Director
III.	Consideration of and possible discussion and/or action, including proposal, on amendments to 16 TAC §§402.103 (Training Program), 402.200 (General Restrictions on the Conduct of Bingo), 402.203 (Unit Accounting), 402.205 (Unit Agreements), 402.210 (House Rules), 402.300 (Pull-Tab Bingo), 402.301 (Bingo Card/Paper), 402.303 (Pull-tab or Instant Bingo Dispensers), 402.324 (Card-Minding Systems -- Approval of Card-Minding Systems), 402.325 (Card-Minding Systems – Licensed Authorized Organization Requirements), 402.400 (General Licensing Provisions), 402.404 (License and Registry Fees), 402.407 (Unit Manager), 402.411 (License Renewal), 402.420 (Qualifications and Requirements for Conductor License), 402.424 (Amendment of a License by Telephone or Facsimile), 402.451 (Operating Capital), 402.500 (General Record Requirement), 402.504 (Debit Card Transactions), 402.506 (Disbursement Records Requirements), 402.511 (Required Inventory Records), 402.514 (Electronic Fund Transfers), 402.600 (Bingo Reports and Payments), 402.602 (Waiver of Penalty, Settlement of Prize Fees, Rental Tax, Penalty and/or Interest), 402.603 (Bond or Other Security), 402.703 (Audit Policy), 402.706 (Standard Administrative Penalty Guideline), 402.707 (Expedited Administrative Penalty Guideline), and 402.708 (Dispute Resolution); and on new §402.413 (Military Service Members, Military Veterans, and Military Spouses).	James Person, Assistant General Counsel
IV.	Report, possible discussion and/or action on the agency's advertising strategy, including functions of the advertising vendor under the advertising services contract.	Michael Anger, Lottery Operations Director
V.	Report, possible discussion and/or action on agency major contracts, including the status of the lottery operator contract, and whether discussion relating to the	Michael R. Fernandez, Administration Division Director

<p>negotiation of the lottery operator contract in an open meeting would have a detrimental effect on the Commission's position in the negotiations.</p>	
<p>VI. Report, possible discussion and/or action on agency major contracts, including amendment, renewal or extension on the contract(s) for instant ticket manufacturing and services.</p>	<p>Michael R. Fernandez, Administration Division Director</p>
<p>VII. Report, possible discussion and/or action on agency prime contracts, including the contract for Houston Texans trademark license and promotional support services.</p>	<p>Michael R. Fernandez, Administration Division Director</p>
<p>VIII. Report, possible discussion and/or action on agency prime contracts, including extension (i) on the contract for risk review and compliance monitoring services; (ii) on the contract for market research services; and (iii) on the contract for security officer services.</p>	<p>Michael R. Fernandez, Administration Division Director</p>
<p>IX. Report, possible discussion and/or action on HUB and/or minority business participation, including approval of the agency's Fiscal Year 2015 Minority Business Participation Report.</p>	<p>Joyce Bertolacini, HUB Coordinator</p>
<p>X. Report, possible discussion and/or action on lottery sales and revenue, game performance, new game opportunities, advertising, promotional activities, market research, trends, and game contracts, agreements, and procedures.</p>	<p>Katheryn J. Pyka, Controller</p>
<p>XI. Report, possible discussion and/or action on transfers to the State.</p>	<p>Katheryn J. Pyka, Controller</p>
<p>XII. Report, possible discussion and/or action on external and internal audits and/or reviews relating to the Texas Lottery Commission, and/or on Internal Audit activities, including approval of Procurement to Payment Business Cycle Audit Report and Agency's Key Performance Measure Audit Report.</p>	<p>Darlene Brown, McConnell Jones Lanier & Murphy LLP</p>
<p>XIII. Report by the Charitable Bingo Operations Director and possible discussion and/or action on the Charitable Bingo Operations Division's activities, including licensing, accounting and audit activities, pull-tab review, and special projects.</p>	<p>Alfonso D. Royal III, Charitable Bingo Operations Division Director</p>
<p>XIV. Report by the Executive Director and possible discussion and/or action on the agency's operational status, major contracts, agency procedures, awards, and FTE status.</p>	<p>Gary N. Grief, Executive Director</p>
<p>XV. Consideration of the status and possible approval of orders in enforcement cases:</p>	<p>Robert F. Biard, General Counsel</p>
<p><u>Lottery NSF License Revocation Cases (Default Unless Otherwise Noted)</u></p>	
<p>A. Docket No. 362-16-1009 – Francis Mini Mart</p>	
<p>B. Docket No. 362-16-1010 – MLKing Grocery</p>	
<p>C. Docket No. 362-16-1394 – Father & Son Tobacco</p>	

Store, LLC

Lottery Agreed Orders

D. Case No. 2016-163 – NAT 24 #1

E. Case No. 2016-162 – Zambala Enterprises, LLC

F. Docket No. 362-16-2045 – Super K Corner Store

XVI. Public comment.

XVII. Commission may meet in Executive Session:

A. To deliberate personnel matters, including the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the Executive Director and/or the Charitable Bingo Operations Director pursuant to Section 551.074 of the Texas Government Code.

B. To deliberate the duties of the General Counsel and/or the Human Resources Director pursuant to Section 551.074 of the Texas Government Code.

C. To receive legal advice regarding pending or contemplated litigation or settlement offers, or other legal advice, pursuant to Sections 551.071(1) and (2) of the Texas Government Code, including but not limited to legal advice regarding the following items:

Pending and potential litigation regarding Fun 5's Scratch Ticket Game #1592, including but not limited to Travis Co. District Court Cause No. D-1-GN-14-005114 (Steele, et al. v. GTECH Corp.); Dallas Co. District Court Cause No. DC-14-14838 (Nettles v. GTECH Corp. and Texas Lottery Commission) (on appeal); and El Paso County Court Cause No. 2014-DCV-4113 (McDonald v. GTECH Corp.).

State of Texas v. Equal Employment Opportunity Commission et al.

Legal advice regarding the State Lottery Act, Texas Government Code Chapter 467 (including sec. 467.037 - Division of Responsibilities), the Bingo Enabling Act, the Open Meetings Act, the Administrative Procedure Act, employment law, personnel law, procurement and contract law, evidentiary and procedural law, and general government law.

Legal advice regarding any item on this open meeting agenda.

XVIII. Return to open session for further deliberation and possible action on any matter posted for discussion in Executive Session. Any matter posted for Executive

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Session also may be the subject of discussion and/or action in open session prior to Executive Session.

XIX. Adjournment.

Notice of Assistance at Public Meetings. Persons with disabilities who plan to attend this meeting and who need auxiliary aids or services such as interpreters for persons who are deaf or hearing impaired, readers, large print or Braille, should contact Eric Williams at (512) 344-5241 at least four (4) work days prior to the meeting so that appropriate arrangements can be made.

J. Winston Krause, Chairman

Simpson, MaryBeth

From: Carson, Dorota
Sent: Wednesday, April 06, 2016 12:21 PM
To: Simpson, MaryBeth; Sanchez, Sheila
Subject: FW: S.O.S. Acknowledgment of Receipt
Attachments: 04142016.doc

Good afternoon,

The attached agenda has been filed with the Texas Register. Please let me know if you have any questions.

Thanks,
Dorota

-----Original Message-----

From: Texas Register [<mailto:TexReg@sos.texas.gov>]
Sent: Wednesday, April 06, 2016 12:20 PM
To: Carson, Dorota
Subject: S.O.S. Acknowledgment of Receipt

Acknowledgment of Receipt

Agency: Texas Lottery Commission

Liaison: Dorota Carson

The Office of the Secretary of State has posted

notice of the following meeting:

Board: Texas Lottery Commission

Committee: Texas Lottery Commission

Date: 04/14/2016 10:00 AM "TRD# 2016002242"

Notice posted: 04/06/16 12:19 PM

Proofread your current open meeting notice at:

[http://texreg.sos.state.tx.us/public/pub_om_lookup\\$.startup?Z TRD=2016002242](http://texreg.sos.state.tx.us/public/pub_om_lookup$.startup?Z TRD=2016002242)

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approval of Procurement to Payment Business Cycle Audit Report and Agency's Key Performance Measure Audit Report.

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Lottery NSF License Revocation Cases (Default Unless Otherwise Noted)

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